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MAJORITY LEADER

Budget and Taxation Committee

*Chair*  
Education, Business and  
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THE SENATE OF MARYLAND  
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**SPONSOR STATEMENT**

**Senate Bill 369 – Income Tax – Return Preparation Assistance Program for Low-Income Families**

March 23, 2022

Madame Chair and Members of the Ways and Means Committee:

The Earned Income Tax Credit (EITC) is considered to be the largest and most successful anti-poverty program in the United States. Maryland is one of over thirty states that also offers a State version of the EITC. Nationally, the IRS estimates that about 22% of all eligible taxpayers do not claim the earned income tax credit. In Maryland, the participation rate is even lower, as around 24% of eligible taxpayers do not claim the credit.

This lower participation rate suggests that current free tax preparation, outreach and education alone is not enough. People with very low incomes often don't earn enough to be required to file a tax return and may not be aware that they are missing out on refundable credits and outreach and free tax preparation is not as widespread in some areas of the state.

Senate Bill 369 will require the Comptroller's office to use readily available income and tax data from both the IRS and state tax systems to identify residents who are eligible for the EITC but did not file a state return or did not claim the EITC on their return. The Comptroller's office would then send those eligible residents a prepared tax return or amended return which the resident would then review, sign and return.

Reducing poverty through the EITC, has significant long-term benefits for families and is also good for the state's economy with families spending their refunds on needed basics of food, clothing and shelter. As we continue to work to help Maryland families, this legislation will be one more tool to assist our most vulnerable families and so I respectfully request a favorable report on Senate Bill 369.